

KENTUCKY HORSE RACING AUTHORITY

IN RE: PATRICK BIANCONE

APPEAL OF RULING NO. 07-0104

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SETTLEMENT AGREEMENT AND STIPULATION

It is the intent and purpose of Patrick L. Biancone ("Mr. Biancone") and the the Kentucky Horse Racing Authority ("Authority") to express their agreement on a mutually satisfactory resolution of all of the issues in the instant appeal.

It is understood by the parties that this Settlement Agreement and Stipulation ("Agreement") is not an admission of strength or weakness of Mr. Biancone's appeal, but is considered appropriate for the interest of Thoroughbred racing. The parties have expended considerable efforts to reach the agreements that form the basis of this Agreement. Both parties agree that this Agreement, viewed in its entirety, constitutes a reasonable resolution of all issues in this appeal.

The approval of this Agreement will eliminate the need for the Authority and the parties to expend significant resources litigating this appeal, and eliminate the possibility of, and any need for, appeals of the Authority's final order herein. Based upon the participation in multiple settlement conferences between Mr. Biancone and his counsel and the Authority Staff and its counsel and the investigation of the Authority Staff, and upon the belief that this investigation adequately supports this Agreement, the parties hereby agree to and stipulate the following:

1. Mr. Biancone's Kentucky owner/trainer's license shall be suspended for six (6) months, commencing November 1, 2007, and ending April 30, 2008. During the

term of the suspension, Mr. Biancone may not conduct any training activities and the provisions of 810 KAR 1:028, Section 7 shall apply in respect of Mr. Biancone's activities.

2. During the term of the suspension, Mr. Biancone shall be permitted to attend Thoroughbred horse sales at Keeneland Race Course, except for the April 2008 two-year old sale, provided that his access to Keeneland Race Course shall be limited to areas where the sale is actively being conducted, such as the sales barns in which horses are located and the sales pavilion so long as he is not present in areas in which horses are actively training for racing, including the barn area on the west side of Rice Road or the vicinity of Keeneland's main track or training track.

3. For a period of six months commencing May 1, 2008, and ending October 31, 2008, Mr. Biancone shall not apply for a racing license in any jurisdiction. During this second six-month period, Mr. Biancone shall not receive any compensation in respect of purses from horses raced under the jurisdiction of the Authority or any other jurisdiction, but nothing in this provision shall prohibit him from receiving commissions, fees or salaries for services performed as a bloodstock agent, consultant, unlicensed owner or manager, provided that he may not be present in nonpublic areas of racing association grounds.

4. The Authority shall have the right to examine and approve the correspondence that Mr. Biancone sends to the owners of horses currently being trained by Mr. Biancone advising such owners of the suspension of his trainer's license and that such owners shall retain different trainer(s) for their horses.

5. Mr. Biancone shall withdraw as the trainer of record for any horses currently under his care, and shall not be a trainer of record for any horses, to be entered to run in the 2007 Breeders' Cup World Championships to be contested at Monmouth Park in Oceanport, New Jersey.

6. For a period of one (1) year commencing November 1, 2007, the Authority shall have the authority to examine the financial and other records of Mr. Biancone upon reasonable notice to determine compliance with this Agreement and the Authority's regulations. If a breach of this Agreement or a violation of the Authority's regulations is shown to have occurred, whether arising out of financial matters or otherwise, during the suspension period commencing November 1, 2007, and ending April 30, 2008, unless otherwise agreed, Mr. Biancone's owner/trainer's license shall be suspended through October 31, 2008, and the provisions of paragraphs 1 and 2 shall apply. If a breach of this Agreement or a violation of the Authority's regulations is shown to have occurred during the period commencing May 1, 2008, and ending October 31, 2008, Mr. Biancone's owner/trainer's license shall be suspended from the date of such breach or violation for a period of six (6) months and the provisions of paragraphs 1 and 2 shall apply.

7. Mr. Biancone's appeal in this proceeding shall be dismissed.

8. The Authority shall terminate its investigation of Mr. Biancone, and shall not make further claims against Mr. Biancone, arising from the search of Mr. Biancone's barns at Keeneland Race Course by Authority investigators on June 22, 2007. Nothing in this Agreement shall be deemed a waiver of any rights or authority of the Authority to investigate or take action against others not a party to this Agreement nor to investigate

or take action against Mr. Biancone for breach of this Agreement or violations of Authority regulations that occur after November 1, 2007.

9. This Agreement is entered into and approved for purposes of the matters stated herein only, and shall not be relied in any proceeding unrelated to those matters.

10. Each of the parties agrees that such party shall not file an appeal to the Franklin Circuit Court with respect to such the approval of this Agreement.

11. The parties agree that this Agreement is a fair, just and reasonable resolution of the issues in this appeal and is in the best interests of all concerned.

12. The parties agree that this Agreement shall inure to the benefit of and be binding upon the parties and their successors and assigns.

13. The parties agree that this Agreement constitutes the complete understanding among the parties and any and all oral statements, representations or agreements made prior to the execution of this Agreement shall be null and void and shall be deemed to have been merged into this Agreement.


14. The parties agree that this Agreement may be executed in multiple counterparts.

Dated this 17th day of October 2007.

HAVE SEEN AND AGREED:

PATRICK L. BIANCONE

HAVE SEEN AND AGREED:



CHAIR
KENTUCKY HORSE RACING
AUTHORITY

or take action against Mr. Biancone for breach of this Agreement or violations of Authority regulations that occur after November 1, 2007.

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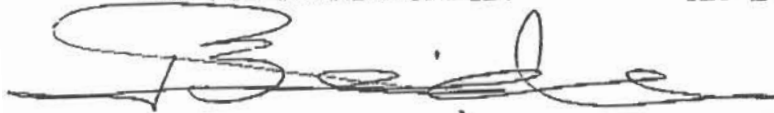
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